

ORIGINAL

FORMAL COMPLAINT



0000170858

BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
CHAIRMAN
ANDY TOBIN
COMMISSIONER
BOB STUMP
COMMISSIONER
BOB BURNS
COMMISSIONER
TOM FORESE
COMMISSIONER

Arizona Corporation Commission

DOCKETED

JUN - 7 2016

DOCKETED BY

[Signature]

AZ CORP COMMISSION
DOCKET CONTROL

2016 JUN - 7 P 12: 01

RECEIVED

IN THE MATTER OF THE FORMAL
COMPLAINT OF NICK MYERS AGAINST
JOHNSON UTILITIES, LLC

Docket No. WS-02987A-16-0181

FORMAL COMPLAINT

Pursuant to A.R.S. §§ 40-246 AND §§ 40-248 and A.A.C. R14-3-106(L), Nick Myers hereby files this Formal Complaint against Johnson Utilities, L.L.C., dba Johnson Utility Company ("Utility"). Utility unilaterally discontinued standpipe service to my company Myers Holdings, L.L.C., dba San Tan Water Company, and subsequently to the entire rural community of San Tan Valley, AZ, and requests that the Arizona Corporation Commission ("Commission") issue its order as set forth hereinafter.

In support of my Complaint, I allege and assert the following:

BACKGROUND

I would ask that you reference Docket # WS-02987A-15-0284 for history as well as the Open Meeting on August 15, 2015 in reference to same docket number. All complaint filings with respect to that docket, including, but not limited to the latest complaint filed (but not recorded on the docket) 2016-130105, and the utility response along with my rebuttal including additional supporting documentation. *See Exhibits attached.

1 Johnson Utilities, LLC is an Arizona Public Service Corporation engaged in business of providing
2 water and sewer utility services to the public for profit in unincorporated portions of Pinal and
3 Maricopa counties, Arizona.

4 Johnson Utilities is a public service corporation as that term is defined in Article 15, Section 2 of
5 the Arizona Constitution, and as such, is regulated by the Commission.

6 COMPLAINT

7 Utility did not follow through on their end of the bargain regarding the standpipe issue last year.
8 The docket item was closed (without prejudice) with an understanding that we may not get the
9 standpipe reinstated, but we would soon have main distribution lines run in order to connect to all
10 homes in the Certificated area that was utilizing the standpipe. Nothing was mentioned about
11 specific areas until well after the Open Meeting. Utility has not upheld its end of the promises
12 stated during the Open Meeting, along with correspondence they submitted. Double the amount of
13 time estimated to complete has passed with only a handful of homes actually connected. There are
14 families out here that are currently spending up to half a day just to get a few hundred gallons of
15 water in Florence (Bambi Sandquist, see attached FB post), or report paying over \$750/month (Amy
16 Simpson, see attached General Questionnaire about Mainline Installation from Amy) to have the
17 water delivered, which would be approximately \$300 for the same amount if utility mainlines were
18 completed or the standpipe was still operational. These people are not rich, they are animal lovers,
19 poor, elderly, and on pensions who have been largely and silently struggling, in fear of
20 repercussions from the utility if they speak out any more since the standpipe was shut down.

21 RULES/CODES VIOLATED

22 Please refer to the docket for more information regarding all broken codes. Utility was providing
23 the standpipe service, created "Residential" accounts, and accepted payment to those accounts for
24 that service for years. (Possible "Implied Contract Law" may come into play here). The service
was relied upon by the public, including myself and family. Utility terminated that service without

1 commission approval: R14-2-402 C1. Following that discontinuation of service they arbitrarily and
2 capriciously, and again without authorization, dismantled the standpipe, and the Commission wasn't
3 advised of this until during the actual Open Meeting. R14-2-4-2 C2.

4 "C. Application for discontinuance or abandonment of utility service

- 5 1. A utility shall not discontinue or abandon **any service** currently in use by the public
6 without first obtaining authority therefore from the Commission.
- 7 2. A utility desiring to discontinue or abandon **a service** shall file with the Commission an
8 application identifying the utility; including data regarding past, present, and estimated
9 future customer use of service; describing any plant or facility that would no longer be in
10 use if the application were approved; and explaining why the utility desires to
11 discontinue or abandon the service."

12 Note: This wording makes no mention of a "tariffed service" being required, but does explicitly
13 state, "Any service."

14 **RESOLUTION**

15 Since recent mailings from utility indicate Johnson Utilities is responsible for the water lines (not
16 the "Johnson Family Trust" as previously was stated by them), I am requesting to have the main
17 lines installed by an Emergency Order for the entire community south of Hunt Hwy as stated in
18 their original letter in an expedited fashion. As such, we also request that the 20 day utility reply
19 period be **waived** and a response be submitted **no later than 7 days**. In a nutshell, we cannot wait
20 all summer to have a solution in place. **This falls directly into the wording/title under the**
21 **CC&N under "Convenience and Necessity."** Absent that we would like to have the standpipe
22 reinstated with some assurances of guarantee against vandalism and guarantees of quick (1-2 days is
23 an acceptable time frame) repairs should they be needed. With summer upon us, and temperatures
24 already record setting over 110 degrees, one solution or another should be implemented
immediately! Furthermore, as a sign of good faith to the residents of the community, I further

1 request that if the solution is a reinstatement of the standpipe, that the Commission establish a
2 "game plan" for bringing water to the affected people.

3 **ATTACHMENTS**

- 4 1. FORMAL COMPLAINT
- 5 2. ACC UTILITIES COMPLAINT FOR (2016-130105)
- 6 3. A COPY OF MY REBUTTAL IN IT'S ENTIRETY (apparently it was accidentally
7 truncated in the ACC complaint form)
- 8 4. A copy of the Johnson Utilities Facebook post just a few days before the standpipe
9 shutdown, "guaranteeing" that it will remain open along with my follow-up question of the
10 timeframe and their response where they openly admit the posting was to "alleviate rumors
11 that the service was closing."
- 12 5. A redacted copy of the letter recently sent by JU indicating the lines would NOT be laid
- 13 6. 7 General "Questionnaires about Mainline Installation" forms that were filled out by some
14 residents on Ivar (taken at the same time as the indication forms attached to the Utilities
15 Complaint Form, but previously unfiled).
- 16 7. A copy of a recent Facebook post indicating the struggles of going to Florence for water
- 17 8. A list of verbal promises made at the Open Meeting by JU, George Johnson, and associates,
18 along with the approximate times in reference to the Open Meeting recording on August 18,
19 2015.
- 20 9. A copy of the printout of the New Standpipe Service form for my application to attempt to
21 re-establish service after being disconnected last year right before the standpipe and website
22 standpipe page was discontinued.
- 23 10. Original letter RE: Permanent Solution for Users of Standpipe

24 RESPECTFULLY SUBMITTED THIS DAY,


NICK MYERS

6/6/16
DATE

1 **AN ORIGINAL AND THIRTEEN COPIES**

2 **Of the foregoing filed this 6th day of June, 2016 with:**

3 Docket Control
4 Arizona Corporation Commission
5 1200 W Washington
6 Phoenix, AZ 85007

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BY 

Arizona Corporation Commission

Utilities Complaint Form

Investigator: Jenny Gomez

Phone: 520-628-6556

Complaint Date: 4/14/2016

Complaint Number: 2016 - 130105

Priority: Respond within 5 business days

Complaint Codes: Quality of Service - Misinformation
Rate Case Items - In Favor

Closed Date: 5/13/2016 3:14 PM

First Name: Nick

Last Name: Myers

Account Name: Nick Myers

Address:

City:

State:

Zip Code:

Home: (480) 788-5514

Company: Johnson Utilities L.L.C. dba Johnson Utilities Company

Division: Water*

Stephanie Poulin

(480) 987-9870 ext 204

spoulin@johnsonutilities.com

Nature Of Complaint

Hi,

I'm writing again to start the process of stirring up this docket again in hopes that the ACC will re-open it and attempt to help the people of our area.

It has been well over the projected 6 months to complete, and JU has not even laid pipes down the main artery (Gary road). It is my understanding that approvals were given by ADEQ on 1/19/16, and work should have started back then.

To date JU, Roadrunner Transit (RT), and George Johnson have all failed to complete any of their "promises" that were given at the prior ACC hearings, and summer is now upon us with high temps threatening again.

Worse yet, RT has consistently fallen behind in their schedules, have cut back their operating hours, raised their rates, had half of their drivers quit with the other half sick and tired of the "nonsense", and in general have proven inadequate to handle even a slight increase in volume let alone the summer rush that is inevitable. They are currently running (at last report) 6 to 7 days behind, which is not only unacceptable, but life threatening.

Furthermore, it has been reported by multiple parties that if anyone complains about the wait time, being shorted on their delivery, the rust and other debris in the bottom of their delivery vehicle tank, or dragging their hose through the dirt then placing much of that hose into the tank, they are told to "go elsewhere". How can the owners of the CC&N, who have repeatedly tried to throw the previous delivery companies under the bus for delivering outside their CC&N say something like that knowing full well the alternatives are other utilities with alternative CC&N's?

As the prior owner of a delivery company, I can state unequivocally that we never once had a complaint to the ACC or any other governing board.

We found it completely unacceptable to leave people hanging for water for even 24 hours. Vehicular tanks were cleaned and sterilized AT LEAST once per quarter (and usually much more frequently because of repairs or modifications). These were our company policies, but were apparently not good enough for JU as they routinely stated that we did not meet various standards or DEQ certifications or what have you.

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However, our policies and practices were held to a MUCH HIGHER standard than what RT, the affiliate company of JU is providing. I have seen their equipment, I have seen their guys do their work, I have seen their trucks that likely wouldn't pass even a DOT inspection.

And as for the argument that RT is not affiliated with JU, I have to call B(ologna) S(andwich) on that one. There have been times when a guy wearing a JU shirt has delivered water. When anyone complains about something they are transferred to Matt (Ohio) who is employed by JU and is their lead technician. Heck, even their trucks still sport the JU DOT number, well past the required deadline of 6 months for changeover to the new DOT number. And this is all on top of the fact that RT is owned and operated by the Johnson Family. I don't know what dictionary the JU lawyers and the ACC are looking at but I am reasonably assured this is an "affiliate". Unfortunately this also implies that my concerns about the Anti-Trust issue are also relevant and valid and should be looked into more thoroughly as well. I know for a fact the ACC has been made aware of these anti-trust concerns through multiple avenues.

Their statement about not many have signed up so it's not viable to do the lines: Well...again, I call BS. That was never part of the agreement when this "deal" was forced upon us. I for one will not pay a penny until the lines are in front of my house. I also know MANY others who feel the same way. And it all comes down to one issue...trust. No one trusts that they will see anything for their money. This is already proven by the people that have put money down and now aren't going to get anything. Why would I put money in their pocket when they haven't shown that they can perform? On the contrary, they have shown that they are more than willing to spend 10's or 100's of thousands of dollars to fight a lowly water delivery company with an excellent reputation rather than simply offer to buy out that company for a fraction of that cost.

This is a massive trust issue.

As I have already stated, RT has proven repeatedly that they cannot handle even the existing workload in a safe/efficient manner. It hasn't even broken 100 degrees yet and people are going a week without water.

DO PEOPLE HAVE TO START DYING BEFORE SOMETHING IS DONE??? Making people wait a week for water is inhumane, degrading, unethical and immoral.

Especially in the desert in the summer. I don't care how "resourceful"

these people are, you would be too if your life depended on it. Not to mention the fact that these same people are NOW AFRAID TO SPEAK UP BECAUSE THEY MAY LOOSE WATER ALL TOGETHER!

It is time to force JU and George Johnson to make good on promises to complete the lines, or at a minimum reinstate/rebuild/replace the standpipe so people can get their own water. The fact of the matter is, JU is responsible for getting people water within their CC&N. The ACC and George and JU and all of the lawyers have made that abundantly clear THEMSELVES! It's time to get it done!

--

Nick Myers

Please provide a detail status update of work in progress and work completed.

Please provide the ACC with projected dates you will start laying pipes on the main artery (Gary road)?

Has anyone paid and not received hook-up/service? Please explain.

How many consumers in JU CC&N are still without water due to delays in laying these pipes? Please explain.

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Why are you waiting for your CC&N customer to sign-up when the pipes are not yet laid? Per this inquiry Customers are not willing to depart with their money prior to any lines being installed.

Please address all the issues raised in this inquiry.

Please respond in writing to ACC

Date:	Analyst:	Investigation Submitted By:	Type:
4/20/2016	Jenny Gomez	Email	Company Response

-----Original Message-----

From: Stephanie Poulin [mailto:spoulin@johnsonutilities.com]
Sent: Wednesday, April 20, 2016 10:53 AM
To: Jenny Gomez <JGomez@azcc.gov>
Cc: bcole@azvision.net
Subject: FW: Arizona Corporation Commission Utility - Inquiry #130105 - Nick Myers

Attached is Johnson Utilities response to complaint 130105

April 20, 2016

Ms. Jenny Gomez,
Consumer Services Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: Response to Inquiry 2016-130105
Nick Myers Inquiry, 04/14/2016

Dear Ms. Gomez:

The following is provided in response to Inquiry 2016-130105 filed by Nick Myers on April 14, 2016.

Myers began his inquiry by stating that he is "...writing again to start the process of stirring up this docket..." Once again, it would appear that he is trying to cause trouble and his statements should be viewed as having been made with malice or with hostile intent or with the desire to inflict injury, harm, or suffering upon Johnson Utilities or its owner. Myers has previously projected his failed business and failed business model upon the actions of Johnson Utilities or its owner without taking the responsibility for his own failures.

Based on Road Runner Transit's break-even analysis, it would appear that Myers had previously been price gouging his own water hauling customers by charging double what Road Runner Transit could deliver water for. The referenced standpipe docket is closed. Let's also not lose sight of the fact that Road Runner Transit is a non-affiliated, non-regulated water hauling company and does not fall within the jurisdiction of the Arizona Corporation Commission.

To date, Johnson Utilities has installed more than 19,100 linear feet of pipe in the Bonanza Highlands service area. To our dismay and after installing all that pipe and spending more than \$412,000 for a mere 48 new customers, Johnson Utilities is slowing down on the installation of the new water mains until a renewed interest in receiving water from the Company is generated.

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Myers highlights the ADEQ approval of the design plans for the Gary Road project, but fails to mention that only 5 people out of the potential 107 future customers on Gary Road made a commitment by submitting a down payment or signaling their desire to obtain service from the Company. I am quite sure the other 24,500 customers of the Johnson Utilities water system in the San Tan Valley won't continue to tolerate subsidizing water mains in the Bonanza service area. If this were a rate case, and because of the very poor response to obtaining service from the Company, these investments wouldn't pass the prudent and necessary test.

Most of Myers' paragraphs is a bunch of garbage. He intentionally misleads the reader into believing that Road Runner Transit is solely responsible for ensuring that every property in the Bonanza service area has water. Road Runner Transit has delivered water to less than 140 unique addresses in that service area with only about 75% of those as repeat customers. With more than 700 properties in that service area, it's readily apparent that most property owners are using something other than Road Runner Transit. Those who do not want water service installed to their homes appear to be using other commercial water haulers or they are hauling water themselves from sources available to them in Apache Junction and Florence.

Myers brags about how good his company was. If his company truly was good, they would still exist today. He is a failed business owner projecting his shortcomings onto Johnson Utilities or its owner. He further attempts to make the argument that Road Runner Transit is affiliated with Johnson Utilities. That can be no farther from the truth. He lies to you when he says "Matt (Ohio) who is employed by JU and is their lead technician." Matt does not work for Johnson Utilities. Period.

Questions from ACC

1. Please provide a detail status update of work in progress and work completed.

Johnson Utilities has completed construction on 7 phases installing more than 19,100 linear feet of pipe at a cost of more than \$412,000. The last phase completed occurred within the past two weeks. The response from customers has been poor. Johnson Utilities has just 48 new customers on that 19,100 linear feet of new pipe. Three additional phases with more than 17,000 linear feet of pipe have been designed and approved for installation.

2. Please provide the ACC with projected dates you will start laying pipes on the main artery (Gary Road)?

Gary Road is not the main artery for water in this area. Johnson Utilities has already created a loop connecting the northern half of the area with the southern half.

Gary Road has been designed and ADEQ has provided their Approval to Construct. This project will span 1.4 miles and is projected to cost nearly \$300,000. To date, only 5 of the 107 potential property owners have signaled their willingness to sign up for service. This project could not pass the "in use and useful" or "prudent and necessary" tests subjected to utilities in rate case proceedings.

3. Has anyone paid and not received hook-up/service? Please explain.
No.

4. How many consumers in JU CC&N are still without water due to delays in laying these pipes? Please explain.

In the 7 phases where we have installed the 19,100 linear feet of pipe at a cost of more than \$412,000 dollars, only 48 of the potential 186 properties have signed up for water service. That represents a dismal 26% response rate. Roughly 74% of the properties where we have already installed water mains have not signed up for water service.

In the Bonanza service area, there are more than 700 lots and in the development world, this area is known as a wildcat subdivision. A wildcat subdivision is one where no one comes in and plans development. Rather, over time, owners keep splitting lots until you end up with more than 700 lots and no planned infrastructure.

Of the more than 700 potential lots in the Bonanza service area, only 48 have signed up for service. No one else has signed up for service or paid their required tariff fees. This poor response provides for less than a 7% response rate. How many millions of dollars would you have us spend on the 93% of customers who do not want water service from Johnson Utilities.

5. Why are you waiting for your CC&N customers to sign up when the pipes are not yet laid? Per his inquiry Customers

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are not willing to depart with their money prior to any lines being installed.

Johnson Utilities should not take the risk of putting in water lines for a tremendous amount of money when people have not signed up and paid the full amount. We have knocked on doors, mailed letters, made telephone calls, and held two community meetings in an attempt to generate interest. We have clear indication that an overwhelming majority of the customers out there do not want water service from Johnson Utilities.

Date:	Analyst:	Submitted By:	Type:
4/27/2016	Jenny Gomez	Email	Investigation

Ms. Jenny Gomez
Consumer Services Division
Arizona Corporation Commission
1200 W Washington Street
Phoenix, Arizona 85007

RE: Rebuttal to Response to inquiry 2016-130105
Johnson Utilities Response, 4/20/2016
Nick Myers Inquiry, 04/14/2016

Dear Ms. Gomez:

Please note that many times in this rebuttal I reference the original open meeting back on 8/18/15. You will notice approximate time stamps in this text to help quickly reference the spots in the video.

Before I respond to the direct quotes from the JU response I want to point out that numerous times throughout the response, JU references the fact that JU is responsible for not only laying the lines, but financially. While I am sure they are not actually laying the lines (they hire their so called "unaffiliated companies" or "third parties", like Roadrunner Transit) to do the work, that implies they must only be responsible for the financial part of the process. Either way they have admitted that they are using JU funds for this project which implies they cannot discriminate who they lay pipe for and they must complete this project in it's entirety.

Furthermore, the ACC let them off the hook for anti-trust issues based on the supposed "short term solution to a problem while we are getting a distribution system built out." (approximately 2:42:30). This timeline was projected to be "done in 3 or 4 months...but should be no longer than 6 months." (approx time) 1:51:35. It has been MUCH longer than that so I feel we have crossed the line in terms of anti-trust. This problem was clearly generated by JU in an effort to put water haulers out of business and dominate the water in the area, otherwise they would have made good on their promises to the people as outlined in the open meeting.

IT IS FOR THIS REASON I RESPECTFULLY ASK THE ACC TO DO A FULL INVESTIGATION INTO THE POSSIBLE ANTI-TRUST ISSUES PRESENTED BY GEORGE JOHNSON AND JOHNSON UTILITIES.

As the ACC lawyers so elegantly pointed out a couple times in that open meeting, this is a very delicate situation and a thorough investigation should be initiated. I was very "nice" in my 3 minute speech at the podium by essentially giving them the benefit of the doubt that they would make good on their promises. Since I (and the rest of the neighborhood) have been let down, it is now time to start asking for governmental entities to intervene.

My direct rebuttal to their responses:

"trying to cause trouble": Look at this how you will, the truth is that there wouldn't be any trouble if you were being the "dang good provider" that you claim to be (approx. time 1:52:55)

"Without taking responsibility for his own failures". Well...you are correct in that I should not have done business with a ruthless water company who has a monopoly on the water supply, water rights for 97% of the county, and apparently has the unquestionable authority to revoke my access to it. This isn't an issue of a failed business as much as a

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"destroyed" business. It isn't a failure when you are at your peak and the only monopolistic provider decides to unfairly remove the product. And besides...get over it already, I have. I only referenced my business and it's practices to help prove a point.

"Based on Road Runner Transit's break-even analysis, it would appear that Myers had previously been price gouging his own water hauling customers by charging double what Road Runner Transit could deliver water for."
Really? Is that why you had to raise your rates to \$16/1000? Is that also why Bret Marchant said "I have water trucks, I can't even fire it up for \$12, let alone the labor" (approx time 1:18:47). Oh, and by the way, before this whole fiasco, Marchant hired me to deliver his water because I was doing it cheaper than he could. So I would like to see your proof of this so called "break even analysis" that you did and show us how you are able to break even, let alone make a profit in your business. I have filed all of my data last year with the ACC, but have yet to see yours.

"Let's also not lose sight of the fact that Road Runner Transit is a non-affiliated, non-regulated water hauling company and does not fall within the jurisdiction of the Arizona Corporation Commission."
Let's also not lose sight of the fact that the ACC legal department said that they are not so sure of this statement and this may very well be an anti trust issue, and a couple of times in the open meeting Commissioner Stump indicated that the ACC needs to remain agnostic about this fact. If I were you I wouldn't be getting so cocky about this point because the legal team indicated (by their silence) that it may not be much of an issue as a short term solution, but it now appears that we are past the short term (approx time 2:42:30 for Crockets statement).

"To date, Johnson Utilities has installed more than 19,100 linear feet of pipe in the Bonanza Highlands service area."
Really? So what about the Johnson Family Trust (approx time 58:45)? Since you have now confirmed that JU installed these pipes, what budget did that come out of? Will this be on your rate case? Hmmm...

"Johnson Utilities is slowing down on the installation of the new water mains"
Interesting, because the acceptable long term solution and indeed, the overriding promise of the open meeting was that they would be done in 6 months. No one trusts that you will get the job done, and you have returned some of the deposits, so yea...no more deposits are happening until you make good on your promises. And just to jog your memory, please reference approximate times 58:00, 59:39, 1:19:14, 1:51:35, 2:02:17, and let's not forget the whole "This isn't just something that Johnson said, his word is good" comment at 1:38:09.

"but fails to mention that only 5 people out of the potential 107 future customers on Gary Road made a commitment by submitting a down payment or signaling their desire to obtain service from the Company"
Correct, I failed to mention that because no where in the original promises was this a requirement. Also, future customers don't count as they DON'T EVEN EXIST YET, nor did they exist, nor were they even on the radar when you made the promises.

"I am quite sure the other 24,500 customers of the Johnson Utilities water system in the San Tan Valley won't continue to tolerate subsidizing water mains in the Bonanza service area"
Hmmm...another reference that now indicates JU customers are paying for the lines. That was not the deal. Johnson Family Trust was responsible (see above). Again...I wonder how this is going to look when the masses learn about it.

"these investments wouldn't pass the prudent and necessary test."
Again...any "tests" that you might be speaking of now are not relevant as they were not part of the original promise.

"He intentionally misleads the reader into believing that Road Runner Transit is solely responsible for ensuring that every property in the Bonanza service area has water."
Again, I point my claims to the video of the open meeting last year where George himself said: "What I will do is give my word today that water will be hauled by someone for no more than \$12/1000 and there's availability 24/7, I can't do better than that." (approx time 2:03:42). Followed by a statement from Crockett: "They're assured that the water will be delivered within a 24 hour window to their properties" (approx time 2:48:40). So while it may not be true that they are solely responsible, they have taken on the responsibility of providing a less than, but closely comparable service of the standpipe to people that cannot afford to hire other services.

"With more than 700 properties"
Amazing how the number of properties or households needing water service have gone up from just over 202 in the original open meeting to now over 700. Now who is misleading? No one ever counted people with alternative solutions in the original promises. Again, this is a moot point and just another misleading tactic by the utility company.

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"Myers brags about how good his company was."

I never bragged about anything, but I did point out some common decency, morals, standards and ethics that were employed by my company and should be employed by ALL companies. This is not bragging, it is basic compassion and understanding for what people need and want. Since this is viewed as bragging by JU it should be taken as a sign of disrespect towards their customers as they are essentially admitting to following lax standards and unacceptable practices.

"He lies to you when he says "Matt (Ohio) who is employed by JU and is their lead technician." Matt does not work for Johnson Utilities. Period."

Really? Because last I knew he was promoted to a water distribution manager or some such title. If he is not employed by JU, when did this happen? Where are his pay stubs and employment records (personal info redacted is fine) for JU and RT? Also, what about pay stubs for Aires (spelling?), Dylon (spelling?), or anyone else you have had drive the Roadrunner trucks? I only ask because this change must have been VERY recent because I last saw him recently acting in a JU capacity, but his first contact with a Roadrunner customer was back on one of the first RT deliveries when the driver shorted a customer some water...Matt was the one that went out to chat with the customer.

"Johnson Utilities has completed construction on 7 phases installing more than 19,100 linear feet of pipe at a cost of more than \$412,000"

A Third reference to the utility company paying for the pipe instead of the Trust.

"This project could not pass the "in use and useful" or "prudent and necessary" tests subjected to utilities in rate case proceedings."

Neither would the 19,100 ft of pipe at \$412,000 that was already laid...but that didn't stop you. Sorry, but this an invalid argument as it was never part of the agreement and JU is not supposed to be funding this anyway. The Johnson Family Trust does not have

Date:	Analyst:	Submitted By:	Type:
5/11/2016	Jenny Gomez	Telephone	Investigation
5/11/2016 EMAIL TO COMMISSION:			

Hi Jenny,

I have some more Lawyer Fodder. Please see the letter below and the attached documents. Thanks!

Hello Commissioners and ACC Legal Staff,

This submission is to address the comments made by Johnson Utilities and Johnson Companies regarding the reasoning for not continuing installation of the main lines in the San Tan Valley area as promised. This information should be passed on to the appropriate legal representatives as a continuation of my prior response.

It is not only my belief, but the belief of others as well that JU simply capitalized on the situation to justify them "completing the loop" to correct their pressure problems. It is only good fortune that the people with homes on that path were able to connect. We believe JU never had any intention of actually laying lines to all properties as they promised in the open meeting. We hope to show that by providing some realistic numbers in this letter that JU is attempting to twist the data to suite their needs and wiggle out of their promises. This plays right into the anti-trust issues that I brought up in my prior response as it hopefully shows that there was NEVER ANY INTENTION to follow through with the promises, which means the JU lawyers lied with regards to the anti-trust concerns being minimal because it is a "short term solution".

JU states in a letter refunding customers their deposits: "It's truly unfortunate that more interest was not generated with the planned water main installation projects To date, Johnson Utilities has installed more than 19,100 linear feet of pipe at a cost of more than \$416,000. Of the potential 700 lots in the Bonanza service area, just 48 have signed up and are now receiving water service from Johnson Utilities".

Response: This letter was sent to (at a minimum) some of the folks down Ivar road that had placed deposits. I was contacted about these numbers to see if we could double check them and found some interesting information. We drove every foot of the installed service lines. We are not sure if it truly is 19,100 linear feet, but I suspect it could be. We were able to drive along the path of the laid pipe (both down Varnum, as well as the "loop completion" starting at Silverdale and ending at Lind where it T'd with the pipe laid last year. We took the liberty of counting the number of

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houses that COULD have water (not empty lots) as well as how many water meter boxes we saw installed along that path. Furthermore, we extended our drive to include the supposed private road at the end of Ivar to try to include those numbers since they are likely included in the JU numbers, however it is my understanding at this point in time that these folks had to pay for their water line installation, so this must be taken into account. What we found as of the writing of this letter:

Main loop and Varnum (not including Ivar private road):

Potential properties that could have water: 54

Water meter housings: 38

Percentage of water meters to houses: 70.37%

Private road on Ivar:

Potential properties that could have water: 11

Water meter housings: 7

Percentage of water meters to houses: 63.64%

We suspect JU is also potentially counting 3 "temporary" installs for the houses on Gary that are fed from Varnum. That adds up to 48 which is the number provided by JU. Assuming all of this information, the overall percentage of "interest" is 71% to 73% (depending on temporary connections being counted).

Furthermore, we wrote up the attached interest forms for the properties and walked door to door down Ivar (including Meadow Ln) to see if we could get a more appropriate indication of interest. We only did houses that did not currently have water main line service. The response received was that 16 out of 17 property owners indicated that they wanted water and are disappointed JU is refusing install. The 17th owner simply does not want to put the money into the property since it is actively on the market (they also chose not to sign the attached paperwork). Three of the property owners could not be reached. Assuming the ratio of 16/17, that is a 94.12% interest rate, and if the new owners of the 17th lot are interested (which will likely be the case as they are on a non-functional shared well of which the other two houses are planning to connect) the ratio is at 100%. I don't know how much more interest JU can expect.

It should further be noted that of the 17, land owners, three of those are by the same person that just bought the lots and is starting to build. He claims he was verbally told on the phone (by JU) during the pre-purchase phase that JU would be running lines. He then verified verbally on the day of his signing that yes, the date has been pushed back, but that lines would be run. HE FOUND OUT JUST SATURDAY, 5/7/16, that JU was sending these letters out to everyone (he did not receive one). Needless to say he was very visibly upset. Furthermore of the 16 interested properties, 8 of them currently have wells and 100% of those property owners are interested in signing up for water service anyway.

I don't know how much more interest is needed for JU and/or the Johnson Family Trust to keep their promises, but these numbers seem pretty amazing to us out here. We do not know where JU got the 700 potential number from, I doubt that if all lots out here are subdivided into their smallest possible unit size that there could be 700 lots available. According to one Realtor there are only 220 lots in the immediate area, and even assuming every one of those could be split (which many cannot) you would only be at a count of 440. I fully believe this number is fabricated like, in my opinion, most of the other things they are saying. It should also be noted that we have only covered Ivar thus far. This is just a small test set of the people on the first street we chose to do which included 2/3 of a mile of Ivar Rd.

Finally, besides the supplied documentation I am willing to back up the claimed numbers in this letter by personally driving around any staff, commissioner, or any other ACC representative to verify the data if that is needed.

--
Nick Myers
480-788-5514

ATTACHMENTS:

Indication of Desire to Connect to Johnson Utilities Main Line When installed

This report will be filed with the Arizona Corporation Commission and the Attorney General's Office

three (3) pages hard copies will be filed in the Tucson office and can be viewed on Manage Documents Supporting Documents to your right of this screen.

Date:

Analyst:

Submitted By:

Type:

Arizona Corporation Commission

Utilities Complaint Form

5/13/2016

Jenny Gomez

Telephone

Investigation

Received a call from Connie Walczak. She stated that Nick Myers will have to file a Formal Complaint and reference the docket for Johnson Utilities.

Received a call from Nick Myers and I advised him that He will have to file a Formal Complaint.

Nick Myers declined mediation.

Received a call from Nick Myers asking if Monday was the dead line to file. I advised that there is no dead line.

Called Connie Walczak and advised that Nick Myers is going Formal.

I mailed out a Formal Complaint package.

File Closed

Indication of Desire to Connect to Johnson Utilities Main Line When Installed

This report will be filed with the Arizona Corporation Commission and the Attorney General's Office

Box 1: I have a well (check even if you do desire to connect to main line when installed).

Box 2: I haul water (either hired or self).

Box 3: I plan to connect to JU main line when available.

Box 4: Main line connection is unaffordable at this time, will likely connect in the future.

Box 5: I have paid a deposit for main line utilities.

Box 6: I have had my deposit refunded and been told no main lines will be run at this time.

Name / Address:	Comments:
123 <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Philip Nicoloff 456 480-257-0284 <input type="checkbox"/> <input checked="" type="checkbox"/> 1559 W IVAR 5/7/16	Summer is coming and water need Grows RE Animals. Cost to have it hauled will triple for me
123 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Terry Van Allen 456 602 319 1718 <input checked="" type="checkbox"/> 1691 W. IVAR RD 5-7-16	We were told to make a deposit when working back on our road.
123 <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Jerry Van Allen 456 602 319 1718 <input type="checkbox"/> <input type="checkbox"/> 1659 W. IVAR RD 5-7-16	need more water but cost a lot to have hauled.
123 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Mark Wells 456 480-636-9023 <input type="checkbox"/> <input type="checkbox"/> 1881 W IVAR RD.	
123 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Leonela Torres 480 343 8313 456 2942 N. Meadows Ln Santan Valley AZ <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	It's getting to be expensive to pay for someone to haul water

Indication of Desire to Connect to Johnson Utilities Main Line When Installed

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Box 6: I have had my deposit refunded and been told no main lines will be run at this time.

Name / Address:

Comments:

123

☒ ☒ Shawn & Amy Simpson

456 480-980-8673 / 480-677-9423

☐ ☒ 20998 N. Meadow Lane

Paying RBT has become a hardship financially. We just cannot afford the upcoming costs. Per last year's usage our water costs will be \$100/mo. JU has not been honest & upfront w/us. We've not received anything by mail except the return of our deposit.

123

☐ ☒ Dave & Kim Coleman

456

☐ ☒ 1455 W. Ivar Rd. SDC

Ditto - ALSO - RBT is not supplying water 24/7 - many complaints! J.U. PROMISES ARE INCOMPLETE AND NOW CEASED.

123

☒ ☒ Joe Hassen

456

☒ 1752 W. Ivar Rd.

Requesting city water to provide reliable source for years to come

123

☒ ☒ J. Rob Funk 480-628-1619

456

☐ ☐ 30076 N. Meadow Ln.

Requesting city water due to unreliable groundwater levels.

123

☐ ☒ Ted Becker 480-229-6215

456

☐ ☐ 1556 W. Ivar

LOT HAS BEEN SPLIT and I was promised water BY J.U. There are 3 properties Cousins Homes have been promised

Indication of Desire to Connect to Johnson Utilities Main Line When Installed

This report will be filed with the Arizona Corporation Commission and the Attorney General's Office

Box 1: I have a well (check even if you do desire to connect to main line when installed).

Box 2: I haul water (either hired or self).

Box 3: I plan to connect to JU main line when available.

Box 4: Main line connection is unaffordable at this time, will likely connect in the future.

Box 5: I have paid a deposit for main line utilities.

Box 6: I have had my deposit refunded and been told no main lines will be run at this time.

Name / Address:

Comments:

123

☒ ☐ ☐ MAURO NINO SR

456 480-678-2143

☒ ☐ ☐ 1482 W. IVAR, SAN TAN Uty. AZ

123

☒ ☒ ☒ Megan Walker 1656 W Ivar Rd
Queen Creek AZ 85142

456 480-204-8422

☐ ☐ ☐

123

☒ ☐ ☐ Edie Wallin 1956 W Ivar Rd

456 480 323 8908

☒ ☐ ☐

123

☐ ☒ ☒ James & Danna Shand

456 480.987.3664 Home

☒ ☒ ☒ Cell: 480.215.7470

2130 W. Ivar Rd.
Queen Creek, AZ 85142

123

☐ ☐ ☐

456

☐ ☐ ☐

August 5, 2015

HAND-DELIVERED

Chairman Susan Bitter Smith
Commissioner Bob Stump
Commissioner Bob Burns
Commissioner Doug Little
Commissioner Tom Forese
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Thomas Broderick, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Re: Permanent Solution for Users of Standpipe

Dear Chairman, Commissioners and Tom:

Johnson Utilities, L.L.C., is currently working towards an ultimate and permanent solution for those people who are affected by the vandalism and closure of the standpipe previously located at 27931 N. Edwards Road, San Tan Valley, AZ 85143.

Johnson Utilities has provided a permanent and assured water supply to many thousands of San Tan Valley citizens when no other water sources were readily available. Johnson Utilities began installing water lines at a huge expense before there was the population growth we see now.

Johnson Utilities is presently working on the ultimate solution – bringing water lines to the area. We will keep you informed on the progress. We are working with several large property owners/developers, with a significant grant from the George H. Johnson Family Foundation, to install water lines in the area.

As you are aware, the standpipe has been vandalized numerous times over the past few years. The current incident is the second such vandalism incident to occur this year. In January 2015, the standpipe was vandalized in the same manner as the most recent incident last week. At a cost of more than \$5,200, it took nearly two months to replace the computer and more than 40 hours of programming and vendor work.

In the prior 2015 vandalism incident, there were no protests about the closure of the standpipe for two months. Users simply adjusted by using the other standpipes located in Apache Junction and Florence or by using the services of the local water haulers. There were, and still are, many alternate sources of water for those who have used the standpipe. Karen Christian and the organization she created, San Tan Valley



5230 E. Shea Boulevard, Suite 200
Scottsdale, AZ 85254
Office: (480) 998-3300 Fax: (480) 483-7908

Safe Water Advocates, has caused a needless uproar within the community and the media. Ms. Christian has not suggested any long-term solutions. She advocates only the repair of the standpipe, which incidentally, she does not even use. This is no solution to the lack of a water distribution system in the area, and it fails to address the fact that the standpipe is not economically feasible to operate and it creates liability for Johnson Utilities.

I would note also that while Ms. Christian's San Tan Valley Safe Water Advocates claims to be a non-profit, it is not. She advocates and attempts to create an illusion that she is looking out for the safety of the Johnson Utilities water supply. However, Ms. Christian is neither qualified nor an expert on this matter. Johnson Utilities performs thousands of water samples each year. We proudly boast that our daily, weekly, monthly and annual tests meet or exceed all local, county, state and federal drinking water standards.

The best and permanent solution is to bring water distribution water mains to those in the area without current access to the water system. Johnson Utilities is committed to work with the residents of San Tan Valley with only positive solutions. Our expedited plan to bring water to the affected community not only solves the water supply issues, but provides those connecting to the system with a 100-year assured water supply. This assured water supply will greatly increase property values by thousands of dollars for those who connect.

Lastly, there is an uncertificated supplier of water (San Tan Water Company run by Nick Myers) that has been hauling water to buyers at the exorbitant cost of \$30 per 1,000 gallons. When we became aware of this situation, we demanded documentation from San Tan Water Company that it is a legally licensed operator with a clean and safe way to haul water to users without risk of water contamination or liability to Johnson Utilities (and its ratepayers). We still have not received such documentation as of this date.

Sincerely,

JOHNSON UTILITIES, L.L.C.

A handwritten signature in black ink, appearing to read "Brad Cole", written over a horizontal line.

Brad Cole, Chief Operating Officer

Untitled

Rebuttal to JU Response on 4-20-15

Ms. Jenny Gomez
Consumer Services Division
Arizona Corporation Commission
1200 W Washington Street
Phoenix, Arizona 85007

RE: Rebuttle to Response to inquiry 2016-130105
Johnson Utilities Response, 4/20/2016
Nick Myers Inquiry, 04/14/2016

Dear Ms. Gomez:

Please note that many times in this rebuttal I reference the original open meeting back on 8/18/15. You will notice approximate time stamps in this text to help quickly reference the spots in the video.

Before I respond to the direct quotes from the JU response I want to point out that numerous times throughout the response, JU references the fact that JU is responsible for not only laying the lines, but financially. While I am sure they are not actually laying the lines (they hire their so called "unaffiliated companies" or "third parties", like Roadrunner Transit) to do the work, that implies they must only be responsible for the financial part of the process. Either way they have admitted that they are using JU funds for this project which implies they cannot discriminate who they lay pipe for and they must complete this project in it's entirety.

Furthermore, the ACC let them off the hook for anti-trust issues based on the supposed "short term solution to a problem while we are getting a distribution system built out." (approximately 2:42:30). This timeline was projected to be "done in 3 or 4 months...but should be no longer than 6 months." (approx time) 1:51:35. It has been MUCH longer than that so I feel we have crossed the line in terms of anti-trust. This problem was clearly generated by JU in an effort to put water haulers out of business and dominate the water in the area, otherwise they would have made good on their promises to the people as outlined in the open meeting.

IT IS FOR THIS REASON I RESPECTFULLY ASK THE ACC TO DO A FULL INVESTIGATION INTO THE POSSIBLE ANTI-TRUST ISSUES PRESENTED BY GEORGE JOHNSON AND JOHNSON UTILITIES.

As the ACC lawyers so elegantly pointed out a couple times in that open meeting, this is a very delicate situation and a thorough investigation should be initiated. I was very "nice" in my 3 minute speech at the podium by essentially giving them the benefit of the doubt that they would make good on their promises. Since I (and the rest of the neighborhood) have been let down, it is now time to start asking for governmental entities to intervene.

My direct rebuttal to their responses:

Untitled

"trying to cause trouble": Look at this how you will, the truth is that there wouldn't be any trouble if you were being the "dang good provider" that you claim to be (approx. time 1:52:55)

"Without taking responsibility for his own failures". Well...you are correct in that I should not have done business with a ruthless water company who has a monopoly on the water supply, water rights for 97% of the county, and apparently has the unquestionable authority to revoke my access to it. This isn't an issue of a failed business as much as a "destroyed" business. It isn't a failure when you are at your peak and the only monopolistic provider decides to unfairly remove the product. And besides...get over it already, I have. I only referenced my business and it's practices to help prove a point.

"Based on Road Runner Transit's break-even analysis, it would appear that Myers had previously been price gouging his own water hauling customers by charging double what Road Runner Transit could deliver water for."

Really? Is that why you had to raise your rates to \$16/1000? Is that also why Bret Marchant said "I have water trucks, I can't even fire it up for \$12, let alone the labor" (approx time 1:18:47). Oh, and by the way, before this whole fiasco, Marchant hired me to deliver his water because I was doing it cheaper than he could.

So I would like to see your proof of this so called "break even analysis" that you did and show us how you are able to break even, let alone make a profit in your business. I have filed all of my data last year with the ACC, but have yet to see yours.

"Let's also not lose sight of the fact that Road Runner Transit is a non-affiliated, non-regulated water hauling company and does not fall within the jurisdiction of the Arizona Corporation Commission."

Let's also not loose sight of the fact that the ACC legal department said that they are not so sure of this statement and this may very well be an anti trust issue, and a couple of times in the open meeting Commissioner Stump indicated that the ACC needs to remain agnostic about this fact. If I were you I wouldn't be getting so cocky about this point because the legal team indicated (by their silence) that it may not be much of an issue as a short term solution, but it now appears that we are past the short term (approx time 2:42:30 for Crockets statement).

"To date, Johnson Utilities has installed more than 19,100 linear feet of pipe in the Bonanza Highlands service area."

Really? So what about the Johnson Family Trust (approx time 58:45)? Since you have now confirmed that JU installed these pipes, what budget did that come out of? Will this be on your rate case? Hmmm...

"Johnson Utilities is slowing down on the installation of the new water mains" Interesting, because the acceptable long term solution and indeed, the overriding promise of the open meeting was that they would be done in 6 months. No one trusts that you will get the job done, and you have returned some of the deposits, so yea...no more deposits are happening until you make good on your promises. And just to jog your memory, please reference approximate times 58:00, 59:39, 1:19:14,

Untitled

1:51:35, 2:02:17, and let's not forget the whole "This isn't just something that Johnson said, his word is good" comment at 1:38:09.

"but fails to mention that only 5 people out of the potential 107 future customers on Gary Road made a commitment by submitting a down payment or signaling their desire to obtain service from the Company"

Correct, I failed to mention that because nowhere in the original promises was this a requirement. Also, future customers don't count as they DON'T EVEN EXIST YET, nor did they exist, nor were they even on the radar when you made the promises.

"I am quite sure the other 24,500 customers of the Johnson Utilities water system in the San Tan Valley won't continue to tolerate subsidizing water mains in the Bonanza service area"

Hmmm...another reference that now indicates JU customers are paying for the lines. That was not the deal. Johnson Family Trust was responsible (see above). Again...I wonder how this is going to look when the masses learn about it.

"these investments wouldn't pass the prudent and necessary test."

Again...any "tests" that you might be speaking of now are not relevant as they were not part of the original promise.

"He intentionally misleads the reader into believing that Road Runner Transit is solely responsible for ensuring that every property in the Bonanza service area has water."

Again, I point my claims to the video of the open meeting last year where George himself said: "What I will do is give my word today that water will be hauled by someone for no more than \$12/1000 and there's availability 24/7, I can't do better than that." (approx time 2:03:42). Followed by a statement from Crockett: "They're assured that the water will be delivered within a 24 hour window to their properties" (approx time 2:48:40). So while it may not be true that they are solely responsible, they have taken on the responsibility of providing a less than, but closely comparable service of the standpipe to people that cannot afford to hire other services.

"With more than 700 properties"

Amazing how the number of properties or households needing water service have gone up from just over 202 in the original open meeting to now over 700. Now who is misleading? No one ever counted people with alternative solutions in the original promises. Again, this is a moot point and just another misleading tactic by the utility company.

"Myers brags about how good his company was."

I never bragged about anything, but I did point out some common decency, morals, standards and ethics that were employed by my company and should be employed by ALL companies. This is not bragging, it is basic compassion and understanding for what people need and want. Since this is viewed as bragging by JU it should be taken as a sign of disrespect towards their customers as they are essentially admitting to following lax standards and unacceptable practices.

Untitled

"He lies to you when he says "Matt (Ohio) who is employed by JU and is their lead technician." Matt does not work for Johnson Utilities. Period."

Really? Because last I knew he was promoted to a water distribution manager or some such title. If he is not employed by JU, when did this happen? Where are his pay stubs and employment records (personal info redacted is fine) for JU and RT? Also, what about pay stubs for Aires (spelling?), Dylon (spelling?), or anyone else you have had drive the Roadrunner trucks? I only ask because this change must have been VERY recent because I last saw him recently acting in a JU capacity, but his first contact with a Roadrunner customer was back on one of the first RT deliveries when the driver shorted a customer some water...Matt was the one that went out to chat with the customer.

"Johnson Utilities has completed construction on 7 phases installing more than 19,100 linear feet of pipe at a cost of more than \$412,000"

A Third reference to the utility company paying for the pipe instead of the Trust.

"This project could not pass the "in use and useful" or "prudent and necessary" tests subjected to utilities in rate case proceedings."

Neither would the 19,100 ft of pipe at \$412,000 that was already laid...but that didn't stop you. Sorry, but this an invalid argument as it was never part of the agreement and JU is not supposed to be funding this anyway. The Johnson Family Trust does not have "rate cases".

"3. Has anyone paid and not received hook-up/service? Please explain.

No."

Ummmm...wrong...I have evidence of at least one customer that had the deposit returned.

"In the Bonanza service area, there are more than 700 lots and in the development world, this area is known as a wildcat subdivision."

Who cares? The answer is that yes, you ran some lines, and a lot of it was along the end-caps of the blocks where only one or two COULD get water service. And as far as all of the empty lots, Chris Johnson directly said in the neighborhood meeting (referred to by Marchant in the ACC open meeting) that they understand the empty lots and they will pay when they choose to hook up, so this argument is invalid because they knew ahead of time this was likely to happen.

"Of the more than 700 potential lots in the Bonanza service area"

Hmmm...first they are "lots" now they are "potential lots". Come on now...let's not get too crazy with the brown stuff. "potential" or "future" are not words that need to be used in ANY of these arguments because the promises at the beginning were dealing with the existing customers/users...not what would come in the future.

"Johnson Utilities should not take the risk of putting in water lines for a tremendous amount of money when people have not signed up and paid the full amount." Again, that was not the agreement. And say that again? Are you saying that you would buy a service from an un-trusted seller that didn't even have a product to


Untitled

sell yet?

"We have knocked on doors, mailed letters, made telephone calls"

That's interesting. I have not received any letter, door knock, or telephone call. Further more, I work from home, so I am there the majority of the time. There has been virtually no effort on their part to communicate with me or other customers. Yes, they had a very poorly advertised neighborhood meeting (they indicate two meetings, but I don't recall the second one), and they have mailed out some pricing sheets for when the services are available, but overall their lack of willingness to communicate is outstanding. I suspect this is done intentionally so they can claim that they have "a clear indication" of something.

Finally I also have not paid any money to JU, but I have inquired about getting lines laid to my property (as indicated by JU in their response to complaint 2015-122694), which shows interest in connecting the lines to my property. I am not the only one with this mind set, again, who would pay money to an un-trusted seller, for a service that does not exist yet. I gave up on that inquiry because I was promised the lines would be run by the Johnson Family Trust.

 Johnson Utilities, LLC

Johnson Utilities Guarantees the Standpipe Will Remain Open!
Our standpipe service will continue to serve Johnson Utilities customers and we further guarantee it will stay open.

Like · [Over 100 likes](#)

 3 people like this.

[Top Comments](#)



Nick Myers What is the time frame of this guarantee? Is it specifically covering the standpipe at Magma and Edwards?

Like · Reply · [16 likes](#)



Greater Florence Chamber of Commerce Glad to hear the standpipe service will remain available.

Like · Reply · [June 24 at 1:03pm](#)

Johnson Utilities, LLC replied to your comment on...

Subject: Johnson Utilities, LLC replied to your comment on their post.

From: "Facebook" <update+i55h15km@facebookmail.com>

Date: 06/29/2015 04:19 PM

To: Nick Myers <nick.myers@centurylink.net>

Facebook

Johnson Utilities, LLC replied to your comment on their post.

Johnson Utilities, LLC

June 29 at 4:19pm

Johnson Utilities posted this update on the standpipe service to eliviate rumors that the service was closing. Johnson Utilities only has one standpipe service for customers, which is located at Magma and Edwards.

Like

Comment

See comment

Reply to this email to comment on this status.

This message was sent to nick.myers@centurylink.net. If you don't want to receive these emails from Facebook in the future, please unsubscribe.

Facebook, Inc., Attention: Department 415, PO Box 10005, Palo Alto, CA 94303



5230 E. Shea Boulevard, Suite 200
Scottsdale, AZ 85254
Office: (480) 998-3300 Fax: (480) 483-7908

April 28, 2016

[REDACTED]
[REDACTED] W. Ivar Rd
San Tan Valley AZ 85143

RE: Deposit Refund – Service Installation

Dear Mr. [REDACTED]

Johnson Utilities is refunding the deposit you placed with the Company, plus 6-percent interest, for the service line installation at your property in the "Bonanza" service area. It's truly unfortunate that more interest was not generated with the planned water main installation projects.

To date, Johnson Utilities has installed more than 19,100 linear feet of pipe at a cost of more than \$416,000. Of the potential 700 lots in the Bonanza service area, just 48 have signed up and are now receiving water service from Johnson Utilities. Those figures are pretty dismal and the rest of our 26,000 water customers cannot continue to subsidize these water main installation projects.

Does this mean that the water main installation projects are dead? No, it does not mean that at all. However, we need your help. What you can do to help is generate interest from your neighbors. If enough interest is generated, on a street by street basis, Johnson Utilities will consider continuing with the water main installation projects. Talk to your neighbors, get them interested.

We thank you for your understanding and cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Cole'.

Brad Cole
Chief Operating Officer



Bambi Sandquist ► San Tan Valley Water Group

May 6 at 11:13 AM

My mate and I are 72. Not easy hauling water, especially if you have to travel to Florence, pulling a 1000 gallon trailer for 60 miles round trip. Only to have Florence run out of water from their standpipe. We're still here, trying to locate help. This is a hardship imo, created by Johnson and sponsored by the ACC. He did something like this once before to a old handicapped woman, at Edwards and Varnum I think, who needed water. Either the County, Feds or the ACC made him bring a waterline to her property and supply her with water. He's creating unnecessary hardships and receiving pats on the back at the same time.



Like



Comment

Be the first person to like this.

Seen by 23 people.



Karen Christian



Write a comment



General Questionnaire About Johnson Main Line Installation
This report will be filed with the Arizona Corporation Commission and the Attorney General's Office

Name: _____ (optional)

Have you received any information from JU regarding water main installation?
Yes/No

Were/Are you expecting main lines to be run to your property in the near future?
Yes/No

Would you be just as happy to have the standpipe reinstated?
Yes/No

Why or why not? yes because sometimes people
have emergencies and can't depend on
an employee to deliver water. if I haul
it myself then I know I will have water
for sure

Additional Comments For the ACC or AG staff:

I need to know for sure that I am
going to have water especially here
in AZ.

General Questionnaire About Johnson Main Line Installation
This report will be filed with the Arizona Corporation Commission and the Attorney General's Office

Name: Duane & Kim Coleman (optional)

Have you received any information from JU regarding water main installation?
Yes/No

Were/Are you expecting main lines to be run to your property in the near future?
Yes/No

Would you be just as happy to have the standpipe reinstated?
Yes/No

Why or why not? PREFER plumbed connection to J.U.
MAIN. IF NO MAIN IS INSTALLED - WANT
STAND PIPE BACK IN SERVICE.

Additional Comments For the ACC or AG staff: IT IS APPARENT THAT
J.U. IS UNTRUSTWORTHY AND IS FAILING TO PERFORM -
COMPLETE WHAT G. JOHNSON PROMISED TO PROVIDE, IN
THE A.C.C. MEETING IN AUG., 2015. WE HAVE
APPROX. 150 HOMES THAT ARE WAITING FOR MAIN
WATER CONNECTION AND NOW INSTALLATION HAS BEEN
STOPPED. IN THE MEANTIME WATER IS A NECESSITY
FOR FAMILIES, ANIMALS, LIVESTOCK, GARDENS ETC. THE
OPTIONS WE HAVE TO OBTAIN WATER ARE FEW AND
VERY EXPENSIVE! SINCE THE SHUT-DOWN OF THE
STANDPIPE OUR PERSONAL WATER COSTS HAVE
INCREASED (5X) OVER WHAT WE PAID WHEN THE
STANDPIPE WAS IN SERVICE. THIS IS CAUSING
FINANCIAL HARM & PSYCHOLOGICAL STRESS TO MANY IF
NOT ALL FAMILIES WAITING ON WATER CONNECTIONS.

General Questionnaire About Johnson Main Line Installation
This report will be filed with the Arizona Corporation Commission and the Attorney General's Office

Name: _____ (optional)

Have you received any information from JU regarding water main installation?

Yes/No

Were/Are you expecting main lines to be run to your property in the near future?

Yes/No

Would you be just as happy to have the standpipe reinstated?

Yes/No *would rather have stand pipe instead of
paying high prices charged. said 12.00 and price
would not go up. up to 16.00 now for 1000 gal.*

Additional Comments For the ACC or AG staff:

General Questionnaire About Johnson Main Line Installation
This report will be filed with the Arizona Corporation Commission and the Attorney General's Office

Name: J. Rob Funk (optional)

Have you received any information from JU regarding water main installation?
Yes ☒ No

Were/Are you expecting main lines to be run to your property in the near future?
Yes ☒ No I was but haven't heard anything from J.U.

Would you be just as happy to have the standpipe reinstated?
Yes ☒ No At least until main lines installed and working
Why or why not? without issue.

I was under the impression J.U. shut standpipe to
raise opinions on running main lines, but no progress
seen or reported.

Additional Comments For the ACC or AG staff:

General Questionnaire About Johnson Main Line Installation
This report will be filed with the Arizona Corporation Commission and the Attorney General's Office

Name: Ted Becker (optional)

Have you received any information from JU regarding water main installation?
Yes/No

Were/Are you expecting main lines to be run to your property in the near future?
Yes/No

Would you be just as happy to have the standpipe reinstated?
Yes/No

Why or why not?

I made a large land purchase
Based on the promise from JU,
I would have water no later than
the end of 2016.

Additional Comments For the ACC or AG staff:

General Questionnaire About Johnson Main Line Installation
This report will be filed with the Arizona Corporation Commission and the Attorney General's Office

Name: Mark & Terri Wells (optional)

Have you received any information from JU regarding water main installation?
Yes No

Were/Are you expecting main lines to be run to your property in the near future?
Yes No

Would you be just as happy to have the standpipe reinstated?
Yes No

Why or why not?

The standpipe was very convenient and inexpensive. Some people
out here may not have the option/financial means to have water
put in. But with that being said Johnson Utilities should not
be able to rescind their promise of not providing water lines
to each property since water is vital to everyone's survival including
animals. They must be held accountable and ~~be~~ not be allowed to
repeatedly not finish what they say they are going to do.
Additional Comments For the ACC or AG staff:

x
Amy Simpson / Shawn Simpson

HAVE YOU RECEIVED ANY INFORMATION FROM JU REGARDING WATER MAIN INSTALLATION? YES/NO

A:

No, Johnson Utilities never once sent us any information or updates in regards to water main installation. Phone calls and emails were never returned either. On 04/15/2016 I went in to pay on my Roadrunner bill and while I was there I spoke with Matt Hipsher aka Ohio who is a supervisor with Johnson Utilities about the status of water main installs. He said would find out what he could for me but that JU does not keep him nor any of the employee's up to date with this info, they simply just tell him when he needs to go install a meter at the street. By 5/5/16 I hadn't received an update as promised by Ohio.

On 5/5/16 I sent a follow up email to Ohio at mhipsher@johnsonutilities.com asking if he was ever able to get any honest answers in regards to water main installation. I also sent an email to tkelly@johnsonutilities.com on April 1, 2016, again I never received a response from anyone.

Our neighbors who live half the year in Alaska never would have even known that water main installations were being considered had I not told her. Upon her calling and speaking with Trish at Johnson Utilities, she was told that according to the planned stages, that water main lines would be in front of her home and ready to hook up to in March of 2016.... It is now May and water lines are atleast 0.3 miles away from us. Thats a huge problem as far as am concerned as it should JU and ACC staff.

WERE/ARE YOU EXPECTING MAIN LINES TO BE RUN TO YOUR PROPERTY IN THE NEAR FUTURE? YES/NO

A:

Yes, according to our community meetings, which Chris Johnson attended and as well as our meetings in front of the ACC, we were guaranteed/promised water lines. We were told that financing would be available if we signed up and agreed to their financing no

later than 1/29/16

On 5/3/2014 we received a letter from Johnson Utilities (our first and only communication from the company!) In that letter they said that they had put a halt to water line intalls due to a lack of interest in hooking up by homeowners in the area. The company proceeded in this letter to suggest that we start talking with our neighbors, and that if we could get enough done people to sign up for water main installs then they would consider installing the lines on a street by street basis.

George Johnson, sat in front of the ACC and the public, with this meeting being video recorded and said that water lines would be ran down every street, in front of every home, regardless of how many people hooked up. He said whether one person hooked up or if ten people hooked up water main lines would be installed and ready for the other property owners to hook up to when they are ready. Yet now they return our deposits, stating that not enough interest was shown! No, that wasn't the agreement. The company never attempted to make contact with property owners where there isn't a home on the land, or homeowners who don't have emails or social media accounts to even know what was happening with possible water main installs.

I for one, WILL NOT BE CASHING THIS CHECK. Johnson Utilities needs to follow through with their promises as well as their obligations under their CC&N which states....

"the intended applicant will be the exclusive provider of the specific services to the proposed service area or extension area and will be required by the Commission to provide those services under rates and charges and terms and conditions established by the Commission"

WOULD YOU BE JUST AS HAPPY TO HAVE THE STANDPIPE REINSTATED? YES/NO

A:

YES

WHY OR WHY NOT?

From the very beginning when the standpipe was shut down I have always been in favor of the water lines being ran to the homes out here. However, I was and I am still against the decision that the ACC agreed to allowing Johnson Utilities to shutdown the standpipe.

Johnson Utilities had been providing a utility for many years to local residents via that standpipe. It should have remained open/the ACC should have required JU make the standpipe operational again until promised main line extensions are installed!

ADDITIONAL COMMENTS FOR THE ACC OR AG STAFF:

The closure of the standpipe along with the complete failure of Johnson Utilities to install water mainline's has caused an extreme hardship, even beyond financially.

During a community meeting Chris Johnson shook the hand of Tim Horn and "gave his word, that Roadrunner Transit would guarantee the rate stayed at \$12.00 per 1000 gallons until water lines were in front of our homes".

George Johnson in from of the commission said "I give you my word today, water will hauled by someone, for no more than \$12.00 per 1000 gallons, and there's availability 24/7, now I can't do any better than that"

Not only have they raised their prices to \$16.00 per 1000 gallons but they have also never stood by his guarantee of 24/7 availability. During the winter they reduced their hours to Monday - Friday 6am to 6pm, up until just recently when they moved a JU night employee to days and are now having him deliver water. Even still they will only deliver 6am to 6pm

Johnson Utilities states that Matt Hipsher aka Ohio is not a JU employee, that is untrue, he is infact employed for JU and has been for some time now. I think this could easily be proven by looking into Mr Hipsher's w-2's for the 2015 and prior tax years.

Velma who is responsible for the billing and accepting payments from us is also employed by JU, when you walk in to pay on your RRT account, Velma, employed by JU, will come out of her JU office, wearing a JU embroidered shirt and walks down to a small "office" to collect our money. Velma from what I understand has been employed with JU for over 10 years now.

Of the three drivers I have gotten to know, Aries Quinones, Joseph Martinez, and Dylan all have told me that they are infact employed and paid by JU. Aries who was driving for RRT up until February of 2016 had been employed with JU for a few years.

During the winter only a couple customers received water deliveries on Saturdays, we

were one of them. The Saturday delivery driver Juan, is also employed by JU and every delivery wore his JU uniform to deliver water.

I am sure if the ACC or AG were to request copies of w-2 tax filings from those employees from 2015 this could easily be proven to be true.

In regards to the hardships this situation has caused, the obvious being financially. To give an example of our monthly usage on a shared tank, the final month the standpipe was open we consumed just under 47,000 gallons of water. The cost is split between us and one neighbor. At a usage rate of 47k per month that totals \$752, costing each of us \$376 each month. We have found multiple occasions recently where RRT was putting our other neighbors charges in with ours, which there had been many times where I had questioned why our total was so high, now I know that we were likely paying part of our neighbors portion.

The other major problem we have ran into is if the neighbor has an unpaid balance on her portion then RRT will not deliver to us even if our portion is up to date. We have no control over our neighbors finances or how they pay their bills. Because of this as well as other occasions in which RRT was unable to deliver water to us for a few days, we have had to send our kids to school without showers!

On another occasion one of the drivers ran over our shut off valve box and broke the pipe.

My husband called Chris Johnson directly on his cell and he sent Matt Hipsher with Johnson Utilities out to access the damage. Matt aka Ohio looked at it, said he was going to get all of the supplies and would send some of his guys back to fix it. Two JU employees came back that night and around 10:30 pm they had fixed it as best they could with the parts they had been given, unfortunately the crack went up farther than Ohio had noticed. The JU guys said it was just a minor leak and that we should be fine to shower and use the water as usual. Unfortunately once we turned the shower on water started spraying everywhere and continued leaking so my husband had to run to Walmart and purchase stuff to put on the pipes to try and stop the leak. Ultimately we were out of water from 3pm until almost 11pm the following day.

JU states that residents can drive to Apache Junction or Florence to obtain water, while this is true, the problem is that most of us don't own vehicles that can haul more than about 500 gallons at a time without tearing up our vehicles. We have a 2500gal shared

tank, which in the summer needs to be filled with a minimum of 1500 gallons per day. If I were to haul water myself from one of the neighboring towns it would be a minimum 2-3 hour trip per 500gal from hitching up the trailer to getting it pumped into our holding tank. Anywhere from 6 to 9 hours of my day, every day would be consumed with hauling water. That, in my opinion is a major hardship.

In an attempt to save any amount of money wherever we can so that we can keep up with these outrageous water hauling bills I have stopped using my dryer. Since the weather has been warm enough I have been hang drying our clothes.

Last summer our homes air conditioner finally went out so we have been using window ac units. Unfortunately it gets very expensive running them in each room of the house. Last summer between our water hauling bills and our high summer electric bills of \$967, \$940, and \$780 for the three hottest months, it made it almost impossible to keep up with our bills.

My tax return this year was supposed to replace the ac unit on our house but instead we had to use that money to keep our house out of foreclosure. We are now forced to use the window ac units through yet another hot summer, however this summer we will not be able to run as many especially the increase in the water hauling fees.

I have asked RRT/JU employee's to please be honest with us regarding the timeline or if we will even be getting water. If there is no chance of hooking up to water mains in the very near future then we need to know this. We have already sadly discussed letting the house go in to foreclosure and just walking away because we just cannot keep this up. The actions and poor choices made by George Johnson/Johnson Utililites is causing direct harm to families. Not only are we being denied ready available access to clean potable water but every family out here is being robbed of either their time spent together as a family or their money. We are being forced to consume our days with either hauling water in from neighboring towns, which in my opinion is also dangerous, but we are also spending money that could have bought our kids a new pair of shoes, or taken a family out to the movies together, or sent a family on a vacation. For anyone to even think that this is acceptable, I just ask them to spend about 20% or more of their families net pay on their water bill alone, then we'll see if its still acceptable,

In the end it's very simple, Johnson Utilities has a CC&N for this area, they have a legal obligation to provide us with water either via main line installations or the standpipe. Johnson Utilities / George Johnson has a moral obligation to honor his word/promise. He has an obligation of humanity to have just an ounce of compassion for the residence in this area. Lastly, he has a legal obligation to stand by his verbal agreements and guarantees.

The Arizona Corporation Commission and/or the Attorney Generals office has an obligation to hold Johnson Utilities responsible and to ensure that they provide us with the utilities in which they hold a CC&N for.

Someone needs to stand up for us, for this community to ensure that this utility company provides us access to one of the basic necessities required for our survival. As of 5/15/16 in my opinion, the ACC has allowed Mr Johnson to break the law and to fail on promises made, and this needs to end now! The ACC is in place to protect customers rights and to ensure that utility companies are following regulations. I am asking you now, Please, do just that. Demand Johnson Utilities to either complete water main installations or get the standpipe back into operating condition within three months.

With Respect

Amy Simpson

Shawn Simpson

29998 N Meadow Lane
San Tan Valley AZ 85142

JU Promises In Open Meeting.txt

JU Promises at open meeting on 8/18/15 (all times are approximate):

Crocket: "Mr Johnson and Mr Cole have been working to construct a permanent solution which is an underground distribution system" 58:00

Crocket: "Mr Johnson also has a family foundation that has agreed to make some money available from that foundation to defray the costs" 58:45

Crocket: "The company is moving as quickly as it can in that direction" 59:39

Marchant: "I have water trucks, I can't even fire it up for \$12, let alone the labor" 1:18:47

Marchant: "There was a meeting last wednesday, and now that the people know they are going to get a 100 year assured water supply..." 1:19:14

Johnson: "We have pipe on the ground, over a mile". 1:38

Johnson: "This isn't just something that Johnson said, his word is good" 1:38:09

Johnson: "I leaned on them to give the people a good rate, instead of \$30 a thousand it's \$12 a thousand for roadrunner." 1:39:57

Johnson: "The foundation is going to make grants over and above, we have to go by tariff in what we have to charge people, but the foundation can come in with grants..." 1:40:44

Johnson: "Instead of helping me get those line in and get those people an assured 100 year supply of water" 1:41:25

Johnson: "We should have them done in 3 or 4 months if everyone will help us and be facilitators but should be no longer than 6 months." 1:51:35

Johnson: "We're trying everything possible to be a dang good water providers...and here I'm spending \$50K to defend myself on something we don't think exists" 1:52:55

Crocket: "It could be a 2 or 3 month process to get this standpipe back online. You know we would rather be building out the distribution system in the interim so we can provide that permanent solution and get away from having a standpipe." 2:02:17

Johnson: "What I will do is give my word today that water will be hauled by someone for no more than \$12/1000 and there's availability 24/7, I can't do better than that." 2:03:42

Crocket: "what the company has proposed to do is to see to it that people hve an option to get water hauled to their home at \$12/1000G" 2:37:55

Crocket: "In terms of the anti-trust issues, we are talking about a short term solution to a problem while we are getting a distribution system built out." 2:42:30

Crocket: "The're assured that the water will be delivered within a 24 hour window to their properties" 2:48:40

Johnson Utilities

New Standpipe Service

Johnson Utilities Standpipe is intended for Residential Use Only. Rates for Standpipe Service: at \$2.496000 Per Thousand Gallons Used. Johnson Utilities Standpipe Service requires NO MINIMUM which means you pay as you use.

Name * Nick Myers
First Last

Primary Phone * 48 44 353
####

Email * nick@santanwatercompany.net

Social Security Number/Social Insurance Number(CV) * 513783040

Mailing Address *
1236 W Judd Rd
Street Address
Queen Creek Arizona
City State / Province / Region
85142 United States
Postal / Zip Code Country / Region

I am requesting service of * • Standpipe Water Service

Requested service date * 06 07 2015
0 / 0 / 201
MM DD YYYY
Johnson Utilities requires a 24 hour notice in advance Monday-Friday between 8am-4:15pm for service connection/disconnection. Service connection/disconnection can NOT be scheduled during the weekend.

Credit Card Number * 4521090800300223
We only accept Visa, Master Card, Discover. Debit Cards are gladly accepted as long as they have accepted emblem. Please Note: Your credit card will be charged a security deposit.

Expiration Date * 06 07 2018
0 / 0 / 201
MM DD YYYY

Security Code (CCV) * 233
This is the last 3 digits on the back of your Credit Card.

Service Agreement * ☒ I have read and understand the conditions below.
There is an establishment fee of \$25 for all new Standpipe service. You will be contacted with your New PIN once payment is confirmed. For more information please contact customer service at 180.967.9270 or customerservice@johnsonutilities.com

Image Verification

Z7 L6

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APPROXIMATE ADDRESS IS 27914 N. EDWARDS RD. SAN TAN VALLEY, AZ 85143

